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Swindle suspect slipped thru CIA screen: ex-agent

Honolulu (AP)—Two CIA security checks did not uncover the phony college credentials or the theft conviction of a man later accused of defrauding investors of \$22 million, an agent testified.

The man stopped one background investigation by suggesting it might create "unfavorable attention and publicity," John Mason, a former CIA clandestine operative, said on the stand.

Ronald R. Rewald is on trial in U.S. District Court on 98 counts of fraud, perjury and tax evasion. Rewald's Honolulu investment counseling firm, Bishop, Baldwin, Rewald, Dillingham & Wong, was declared bankrupt in September 1983. Investors put \$22 million into the firm but authorities believe most of the money was spent by Rewald on lavish living.

REWALD says he operated the firm for CIA covert operations, and was instructed to live conspicuously in order to make contact for the CIA with wealthy foreign business and political leaders. The CIA denies that, saying it only used the firm as a communications drop.

Mason testified that in 1979, he was attempting to set up a commercial cover for an agent, and knew of Rewald's willingness to provide cover for spies through



Ronald Rewald

his firm.

Mason said he met with Rewald in Los Angeles in June 1979, and had him sign a secrecy agreement with the agency. Rewald already had passed an agency "name check" clearance, helped along by his friendship with Honolulu CIA bureau chief Jack Kindschi.

Rewald said he had spied for the CIA on college campuses during the 1960s, and had been named in press articles, Mason said. Rewald suggested a formal background check might create "unfavorable attention and publicity," Mason said.